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Ms. Nancy M. Morris, Secretary  
Securities and Exchange Commission  
100 F St. NW  
Washington, DC 20549-9303  
[Rule-comments@sec.gov](mailto:Rule-comments@sec.gov)

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Dear Ms. Morris:

Here are my comments on Amendment No. 1 to the proposed National Market System Plan for the Selection and Reservation of Securities Symbols. In brief, the amendment to the 'Three Characters Plan' adds the CBOE and the ISE to the proposed plan and permits issuers with three-character ticker symbols to take their symbols with them when they transfer markets, but not issuers with one-, two-, four-, or five-character tickers.

**The plan is incomplete.**

This plan is still quite incomplete. We need to have a consistent symbology plan that covers all length ticker symbols and also covers options as well. The plan needs to have fair governance that includes all securities and derivative exchanges, as well as representatives of issuers and users of ticker symbols such as investors and brokers. The symbology needs to have suffix conventions that are consistent across exchanges. The securities industry should move beyond shorter tickers to more user friendly long ticker symbols of 10 or 12 characters, and we should move to a symbology infrastructure consistent with global trading.

**We need a common symbology that covers securities and derivatives with common suffixes.**

As a user to ticker symbols, I can attest from personal experience that the different suffixes used by the different SROs can cause serious confusion among investors. The different suffix conventions used by the exchanges and data vendors can make it very hard to locate information on securities that carry

suffixes. It is in the public interest for the Commission and the industry to work toward a common symbology with a common suffix system. Having two different Plans for short and long tickers adds needless complexity to our already complex market structure. Having two different Plans also increases monitoring costs at the Commission as well as compliance costs for SROs. The SROs and the Commission have better things to do with their time than deal with twice as many plans as are needed.

**The plan needs an appropriate governance and dispute resolution mechanism.**

Everyone in the financial markets uses ticker symbols. Issuers invest a lot of sweat equity in getting investors to know their ticker symbols, including advertising their ticker symbols. Issuers are quite concerned about their ticker symbols, as indicated by the number of comment letters from issuers on this matter. Alas, it was sad to see that some of the comments from issuers were misinformed about the historic usage of shorter ticker symbols. They mistakenly associated shorter ticker symbols with the NYSE when in fact shorter tickers had previously been used by the regional exchanges and ARCA as well as the AMEX.

The Plan should have representatives of derivative exchanges, issuers, and investors. This will insure that the Plan will adopt a symbology that works for all users, not just a particular SRO.

This has clearly been a contentious issue between the exchanges, as indicated by the competing plans put forth by the various exchanges. There have been disputes over the ticker symbols in the past and there are likely to be continuing disputes in the future. The plan needs to have a fair and workable dispute resolution mechanism.

**The Plan should look to the future of global trading and work with global standard setting organizations.**

While we are working on symbology, we should look to the future of trading and design the new symbology plan to work seamlessly in a global trading environment. The design of the new Plan should take into consideration likely demand from investors for global trading. Both of the major equity exchanges in the U.S. also operate exchanges in other countries, and with the planned convergence between U.S. GAAP and IFRS, it is likely that demand for cross border trading will continue to increase. Indeed, retail brokerage firms in the U.S. such as E\*TRADE and Interactive Brokers are already offering direct retail electronic access to foreign markets.

One approach could be to add a standard suffix for each country to the symbol. In any event, the Plan should work with global standard setting organizations to make sure that the U.S. is not stuck once again with a standard out of synch with the rest of the world.

### **Why only three-character tickers?**

The amendment permits issuers with three-character tickers to take them with them when they transfer from one market to another. That is good. However, there are thousands of issuers with one-, two-, four-, or five-character tickers. Why should they be treated any differently?

In the ancient days, one- and two-character tickers were assigned to the biggest and most active stocks. This conserved bandwidth on the ticker tape, and a shorter ticker symbol became a symbol that a large actively traded firm was one of the successful “big boys.” However, ticker tape constraints are no longer binding, and the association of ticker length with firm success has faded. Indeed, in the modern world a shorter ticker may be a handicap to a firm. With approximately 10,000 public companies in the U.S., it is easy for an issuer—even a large one - to have little visibility in the investment universe. An anonymously random ticker symbol that is easy to forget or easy to confuse with another symbol just makes the situation worse.

Indeed, since many investors search for information on companies by ticker symbol, a shorter ticker symbol actually makes it harder for investors to pick up information about some companies. I believe that a firm such as United States Steel would be better off with a longer ticker symbol such as USS or USX or USSTEEL instead of the historic ticker symbol X. Just try comparing a Google search on X with a Google search on IBM. Google is smart enough to recognize that X is a ticker symbol, but almost all of the early hits have nothing at all to do with United States Steel.

NYSE-listed issuers should have the freedom to choose longer and more descriptive tickers if they want them, just as NASDAQ-listed issuers should have the freedom to choose shorter tickers (if they want them) or even longer ones.

### **Why not 10- or 12-character tickers?**

As bandwidth is no longer much of an issue, there is no reason that tickers need to be limited to five characters. Many databases reserve much longer lengths for ticker symbols in order to store the suffixes as well. For example, OATS reserves 14 alphanumeric characters for ticker symbols. We could have much more user-friendly ticker symbols if we permitted longer tickers. Personal computers long ago moved beyond the eight character limit on filenames with a three character extension (e.g. FILE123.WK1), and it is time for the securities industry to move beyond the current absurdly short ticker symbols.

Indeed, going to a longer 10 or 12 character ticker would provide a face saving solution to the current dispute between the two markets. Both markets could move away from 19<sup>th</sup> century tickers and allow their issuers to make use of more user-friendly longer ticker symbols, if they want them.

Longer ticker symbols would reduce investor confusion by permitting ticker symbols that were more closely identified with the company. CITIGROUP as a ticker symbol would help make sure that investors are not confused about whether C is for Citigroup, Chrysler, Chevron, or Cisco.

**Symbols should continue to follow the “use it or lose it” rule.**

The Commission explicitly requested comment on the number of ticker symbols an SRO should be permitted to reserve as perpetual reservations or limited time reservations. I see no reason any organization should be able to tie up unused symbols to perpetuity. This would be a change from the practice that prevailed for most of the 20<sup>th</sup> century of “use it or lose it.” As I mentioned in my previous comments, there were many situations in which the regionals and the Amex used one and two character ticker symbols. Most notably, ARCA listed on its own exchange with the two character ticker AX, and the AMEX and Boston exchanges also used single character tickers at various times.

The only symbols that should be excludable are those that are so clearly identified with a particular firm that their use would cause serious investor confusion. Thus, NYSE Euronext should be able to prevent another organization from using NYSE or ENXT as ticker symbols.

No rationale is given as to why NYSE/AMEX/ARCA gets the rights to 440 symbols while other SROs get fewer. I can understand the natural desire of each exchange to reserve as many symbols as possible, but, since no economic justification is given, it is easy to conclude that there is none and this is just an attempt to slip a self-serving proposal past the Commission.

Temporary reservations should only be used for pending stock listings. An issuer planning an IPO or a symbol change should be able to pay to reserve a ticker symbol for a reasonable length of time. However, no justification has been given for permitting SROs to reserve large numbers of symbols. This could lead to cybersquatting by SROs as they try to figure out what cool symbols might be in demand for the next wave of IPOs.

**Rights to ticker symbols naturally belong to the issuers who have expended resources to use them.**

I have argued and continue to believe that issuers, through their listing fees and marketing efforts, have made appropriate investments in their ticker symbols and they should have the rights to their ticker symbols, regardless of the length. This is similar to the case of phone company consumers who have the right to take their phone numbers with them when they switch carriers. Furthermore, changing ticker symbols are a nuisance to investors that can lead to costly trading mistakes in addition to the bookkeeping costs involved with keeping track of mutating ticker symbols.

**The Commission could auction off the rights to unused ticker symbols.**

There are many precedents for assigning property rights to limited resources that were previously unassigned. One precedent is the Homestead Act of 1862, which permitted settlers to obtain title to land if they actually settled on the land and used it. In other cases, the government auctions off the assets. In

the case of patents, the inventor has to document an invention that is novel, useful, and non obvious. There has to be a creative expression in the case of a copyright. The basic economic point is clear: in order to establish a property right, the prospective owner has to invest either cash or sweat equity to obtain the asset. The proposing release does not indicate that the proposing markets, including some fairly new electronic markets, have done anything special to deserve to tie up letters of the alphabet forever, let alone more than other markets.

If the Commission does see fit to allow the SROs to sit on ticker symbols, it should do the taxpayers a favor and raise some revenue in the process. Just as the U.S. government auctions off the rights to the electronic spectrum, it could also auction off the rights to unallocated ticker symbols. This would result in an economic efficient allocation of the letters as well as revenues to the government.

Cheers,

Jim

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References to my previous SEC Comment Letters on exchange symbology plans:

**James Angel, Georgetown University on the original proposal:**  
<http://www.sec.gov/comments/sr-nasdaq-2007-031/nasdaq2007031-15.pdf>

**James Angel, Georgetown University additional comments:**  
<http://www.sec.gov/comments/4-533/4533-42.pdf>